

BEFORE THE BOARD OF MILK CONTROL OF THE STATE OF MONTANA

ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES

EFFECTIVE: August 01, 2014

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CLASS I PRICE FOR MILK TESTING 3.5% BUTTERFAT (\$/CWT)	\$ 26.42		
VALUE OF CLASS I BUTTERFAT AT 3.5 LBS (\$)	\$ 9.27	CLASS I BUTTERFAT PRICE PER POUND (\$/LB)	\$ 2.6490
VALUE OF CLASS I SKIM MILK AT 96.5 LBS (\$)	\$ 17.15	CLASS I SKIM PRICE PER POUND (\$/LB)	\$ 0.1777

Under ARM 32.24.301(5), the minimum Class I price to pay milk producers per hundred pounds of milk (cwt) testing 3.5% butterfat f.o.b. milk distributor's plant is \$26.42.

The value of one pound of butterfat utilized will be \$2.6490/lb. When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 26.490 cents for each one-tenth of one percent butterfat above or below 3.5%.

ARM 32.24.301(5): Federal Order Base Class I Price (\$/cwt)	\$ 23.87	ARM 32.24.301(5): Federal Order Advanced Butterfat Pricing Factor (\$/lb)	\$ 2.6235
ARM 32.24.301(5): Differential (\$/cwt)	\$ 2.55	Differential: \$2.55/cwt / 100 lbs/cwt (\$/lb)	\$ 0.0255
CLASS I PRICE FOR MILK TESTING 3.5% BUTTERFAT (\$/CWT)	<u>\$ 26.42</u>	CLASS I BUTTERFAT PRICE PER POUND (\$/LB)	<u>\$ 2.6490</u>

CLASS II PRICE FOR MILK TESTING 3.5% BUTTERFAT (\$/CWT)	\$ 23.10		
VALUE OF CLASS II BUTTERFAT AT 3.5 LBS (\$)	\$9.28	CLASS II BUTTERFAT PRICE PER POUND (\$/LB)	\$2.650
VALUE OF CLASS II SKIM MILK AT 96.5 LBS (\$)	\$ 13.83	CLASS II SKIM PRICE PER POUND (\$/LB)	\$0.1433

ARM 32.24.301(6): Average spray process dry milk solids (USDA Central Region Nonfat Dry Milk) (\$/lb)	\$ 1.8425	ARM 32.24.301(6): Last quote for Grade AA butter (Chicago Area Grade AA Butter Price) (\$/lb)	\$ 2.4800
ARM 32.24.301(6): Freight Adjustment (\$/lb)	\$ 0.0125	ARM 32.24.301(6): less a differential of \$0.0895	\$ (0.0895)
Subtotal (\$/lb)	\$ 1.8550	Subtotal (\$/lb)	\$ 2.3905
ARM 32.24.301(6): multiplied by 8.2 (lbs nonfat dry solids per cwt milk)	\$ 15.21	ARM 32.24.301(6): multiplied by 0.111	\$ 0.2653
ARM 32.24.301(6): Last quote for Grade AA butter (Chicago Area Grade AA Butter Price) (\$/lb)	\$ 2.4800	ARM 32.24.301(6): rounded to the nearest \$0.005 (\$/0.1% butterfat content)	\$ 0.265
ARM 32.24.301(6): less a differential of \$0.0895	\$ (0.0895)	multiplied by 10 (\$/0.1% butterfat content = \$/lb butterfat) CLASS II BUTTERFAT PRICE PER POUND (\$/LB)	<u>\$ 2.650</u>
Subtotal (\$/lb)	\$ 2.3905		
ARM 32.24.301(6): multiplied by 4.2 (lbs butter per cwt milk)	<u>\$10.04</u>	Hundredweight price of milk testing 3.5% butterfat (\$/cwt)	\$23.10
Nonfat Dry Solids Price Component + Butter Price Component (\$/cwt milk)	\$ 25.25	Less: Value of 3.5 pounds of butterfat (\$)	<u>(9.28)</u>
ARM 32.24.301(6): Less Make Allowance of 8.5% (\$/cwt)	<u>\$ (2.15)</u>	VALUE OF CLASS II SKIM PRICE AT 96.5 LBS (\$)	\$13.83
CLASS II PRICE FOR MILK TESTING 3.5% BUTTERFAT (\$/CWT)	<u>\$ 23.10</u>	CLASS II SKIM PRICE PER POUND (\$/lb)	<u>\$0.1433</u>

CLASS III PRICE FOR MILK TESTING 3.5% BUTTERFAT (\$/CWT)	\$19.71		
VALUE OF CLASS III BUTTERFAT AT 3.5 LBS (\$)	\$7.53	CLASS III BUTTERFAT PRICE PER POUND (\$/LB)	\$2.1515
VALUE OF CLASS III SKIM MILK AT 96.5 LBS (\$)	\$12.18	CLASS III SKIM PRICE PER POUND (\$/LB)	\$0.1263

Class III BF Price/lb x 3.5 lbs butterfat per cwt milk: VALUE OF CLASS III BUTTERFAT AT 3.5 LBS	\$7.53	ARM 32.24.301(7): Last quote for Grade AA butter (Chicago Area Grade AA Butter Price) (\$/lb)	\$ 2.4800
Class III Skim per lb x 96.5 lbs per cwt milk: VALUE OF CLASS III SKIM MILK AT 96.5 LBS (\$)	\$12.18	ARM 32.24.301(7): less a differential of \$0.0895	\$ (0.0895)
CLASS III PRICE PER CWT FOR MILK TESTING 3.5% BUTTERFAT (\$/CWT)	<u>\$19.71</u>	Subtotal (\$/lb)	\$ 2.3905

ARM 32.24.301(7): Less 10%	\$ (0.2391)
Butter Price Component: CLASS III BUTTERFAT PRICE PER POUND (\$/LB)	<u>\$ 2.1515</u>

August 2014 Montana Price Announcement Summary:

	Price for Milk Testing 3.5% Butterfat (\$/cwt)	Butterfat Price (\$/lb)
CLASS I	\$26.42	\$2.6490
CLASS II	\$23.10	\$2.650
CLASS III	\$19.71	\$2.1515

Average spray process dry milk solids (USDA Central Region Nonfat Dry Milk) (\$/lb)	\$ 1.8425
ARM 32.24.301(7): Freight Adjustment (\$/lb)	\$ 0.0125
Subtotal (\$/lb)	\$ 1.8550
ARM 32.24.301(7): multiplied by 8.2 (lbs nonfat dry solids per cwt milk)	\$ 15.21
ARM 32.24.301(7): less 17%	\$ (2.59)
Nonfat Dry Solids Price Component (\$/cwt)	\$ 12.63
Nonfat Dry Solids Price Component: CLASS III SKIM PRICE PER POUND (\$/LB)	<u>\$ 0.1263</u>

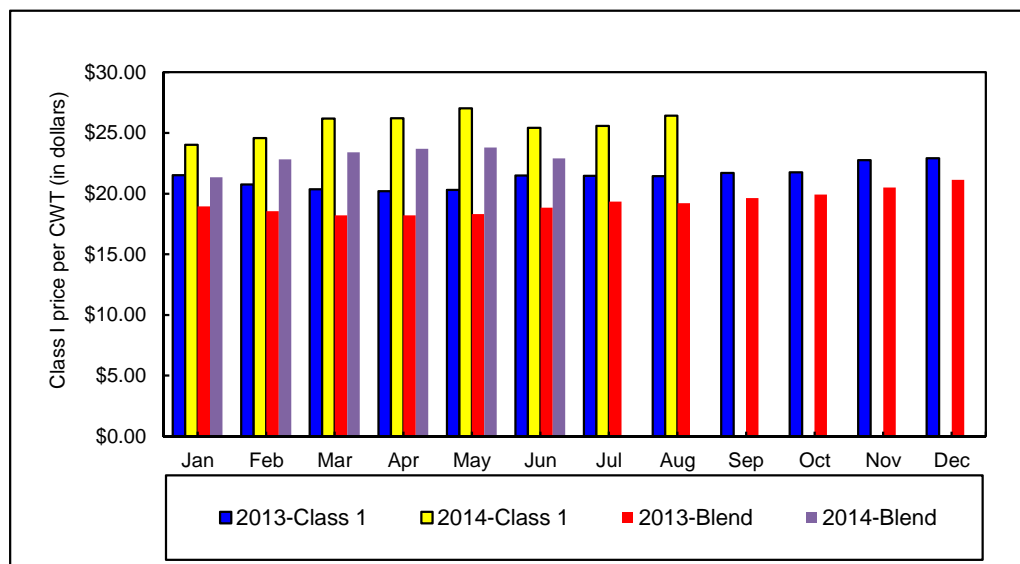
BY ORDER OF THE MONTANA MILK CONTROL BUREAU
Chad Lee, Bureau Chief

PRODUCER CLASS I PRICE IN MONTANA

Month	2013	2014	Difference	% Change
January	\$21.52	\$24.03	\$2.51	11.66%
February	\$20.76	\$24.57	\$3.81	18.35%
March	\$20.35	\$26.19	\$5.84	28.70%
April	\$20.21	\$26.20	\$5.99	29.64%
May	\$20.31	\$27.02	\$6.71	33.04%
June	\$21.48	\$25.41	\$3.93	18.30%
July	\$21.46	\$25.57	\$4.11	19.15%
August	\$21.43	\$26.42	\$4.99	23.29%
September	\$21.71			
October	\$21.75			
November	\$22.75			
December	\$22.92			
Average	\$21.39	\$25.68	\$4.74	22.77%

QUOTA BLEND PRICE IN MONTANA

Month	2013	2014	Difference	% Change
January	\$18.95	\$21.35	\$2.40	12.66%
February	\$18.55	\$22.83	\$4.28	23.07%
March	\$18.21	\$23.41	\$5.20	28.56%
April	\$18.22	\$23.70	\$5.48	30.08%
May	\$18.30	\$23.79	\$5.49	30.00%
June	\$18.85	\$22.90	\$4.05	21.49%
July	\$19.35			
August	\$19.21			
September	\$19.64			
October	\$19.91			
November	\$20.50			
December	\$21.14			
Average	\$19.24	\$23.00	\$4.48	24.31%



Statistics from the Montana Milk Control Bureau